

Message Text

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PAGE 01 LIMA 72548 241936Z

ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 SSO-00 L-03 EB-08 COME-00

TRSE-00 CIAE-00 INR-07 NSAE-00 INRE-00 NSCE-00

NSC-05 SS-15 USIE-00 PRS-01 PA-01 OMB-01 AID-05

XMB-02 OES-07 /070 W

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 6319

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DEPT. PASS AGRICULTURE/OGSM

E.O. 11652: N/A

TAGS: BDIS, EINV, ENRG, PE

SUBJECT: GULF - GOP APPROVES DECREE LAW

REF: A) LIMA 7114, B) LIMA 7116

SUMMARY.

1. COUNCIL OF MINISTERS AUGUST 23 APPROVED LONG AWAITED DECREE LAW WHICH IS MAJOR ELEMENT OF GULF EXPROPRIATION SETTLEMENT. DECREE LAW NO. 21918, TEXT OF WHICH (PRINTED IN EL PERUANO, AUG. 254-POUCHED ARA/AND) IS UNCHANNGED FROM TEXT SENT REF B, INTER ALIA (A) AUTHORIZES MINISTRY OF ENERGY AND MINES (MEM) TO PAY GULF 124,585,889.00 SOLES AS COMPENSATION FOR EXPROPRIATED ASSETS AND (B) AUTHORIZES BANCO DE LA NACION TO CONVERT THIS SUM TO \$1,540,379.44 FOR REMITTANCE TO U.S.

2. THIS TRANSACTION SCHEDULED TO TAKE PLACE THURSDAY, AUG. 25 WHEN RAY THOMPSON, REPRESENTTING EX-SHAREHOLDERS OF GULF DE PPERU, RECEIVES
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PAGE 02 LIMA 72548 241936Z

SOLES CHECK FROM MMEME AND DEPOSITS SAME IN BANCO DE LA NACION. BANCO DE LA NACION WILL IMMEDIATELY CONVERT SOLES TO STAATED DOLLAR SUM AND WILL ISSUE TO GULF 3 CERTIFICATES OF DEPOSIT VALLUED AT \$540,379.44, \$500,000 AAND 500,000, WITH MATURITIES OF 2, 4, AND 6 MONTHS RESPECTIVELY, AND BEARING

INTEREST AT CURRENT LABOR RATE. BRIEF DESCRIPTION
OF AUG. 22 AND 23 DISCUSSIONS FOLLOWS. END SUMMARY.

3. GULF REPS BRUCE MENKE AND RAY THOMPSON AND LOCAL
LAWYER RAUL FERRERO CONSULTED MID-DAY AUG. 22 WITH
ACTING DCM AND ECON OFF REGARDING LETTER REQUESTED
BY GOP IN WHICH GULF WOULD EXPRESS ITS SATISFACTION
WITH \$1,540,379.44 COMPENSATION FIGURE (REF A).
FOLLOWING THIS MEETING GULF TEAM MET AT FOREIGN
MINISTRY WITH UNDERSECRETARY FOR ECON AFFAIRS
AMB. JUAN DE LA PIEDRA, SEVERAL OF HIS SOBORDINATES,
AND A FINANCE MINISTRY LAWYER (WITH EMBASSY ECON OFF

PRESENT) TO RESOLVE SEVERAL GULF CONCERNS. THESE
INCLUDED CONDITIONS (A) THAT PAYMENT WILL BE FREE
OF ALL TAXES AND OTHER CLAIMS, (B) THAT PAYMENT
WILL IN NO WAY AFFECT SEVERAL OUTSTANDING GULF
LOANS TO PETROPERU AND (C) THAT CONVERSION AND
TRANSFER FEE OF BANCO DE LA NACION WILL BE MINOR
(I.E. LESS THAN \$2000). GOP OFFICIALS RESPONDED TO
GULF'S SATISFACTION AND AGREED THAT REQUESTED LETTER
COULD CONTAIN GULF'S CAVEATS ON THESE POINTS.

4. IN A SUBSEQUENT AUG. 22 MEETING GULF TEAM, FINANCE
VICE MINISTER DICK ALCANTARA AND BANCO DE LA NACION
FOREIGN OPERATIONS MANGER LUIS CASTRO WORKED OUT
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PAGE 03 LIMA 72548 241936Z

PAYMENT MECHANISM DESCRIBED PARA 2 ABOVE. ALCANTARA
MENTIONED POSSIBILITY OF GULF OBTAINING FOR PERU LOAN
FROM U.S. BANK FOR PURPOSE OF COMPENSATION PAYMENT.
BUT DID NOT PURSUE MATTER WHEN GULF APPEARED UNENTHUSIASTIC.

5. GULF LETTER ADDRESSED TO FINANCE MINISTER WITH
COPY FOR FOREIGN MINISTRY WAS TRANSMITTED VIA EMBASSY
AIDE MEMOIRE DELIVERED TO DE LA PIEDRA NOON AUG. 23
(COPY OF LETTER AND AIDE MEMOIRE POUCHED ARA/AND).

6. COMMENT:

A. GOP OFFICIALS IN LAST TWO DAYS HAVE BEEN EXTREMELY
EAGER TO EXPEDITE ALL STEPS TO OBTAIN APPROVAL OF
DECREE LAW. AUG. 24 EL PERUANO ALSO CARRIES SUPREME
RESOLUTION TRANSFERRING 124,585,889 SOLES FROM FINANCE
TO ENERGY MINISTRY, SO POSSIBILITY EXISTS THAT PAYMENT
BY MEM AND ISSUANCE OF CERTIFICATE OF DEPOSIT MAY BE
MADE TODAY (AUG 24). EMBASSY WILL CONTINUE ITS
ROLE TO HELP MAINTAIN MOMENTUM.

B. DEPARTMENT WILL NOT THAT EFFECTIVE EXCHANGE
RATE USED IN DECREE LAW IS 80.88 SOLES/DOLLAR

I.E. CURRENT RATE, AND NOT 45:1 AS PREVIOUSLY
DISCUSSED. FINANCE MINISTRY LAWYER EXPLAINED THAT
USE OF 45:1 RATE AT TIME WHEN OFFICIAL RATE IS
DIFFERENT WOULD CONFLICT WITH PERU'S COMMITMENTS
AS PART TO IMF.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTE SETTLEMENT, LAW
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LIMA72548
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: LIMA
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770829/aaaaayhz.tel
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Review Content Flags:
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Secure: OPEN
Status: NATIVE
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TAGS: BDIS, EINV, ENRG, PE, GULF
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/67361054-c288-dd11-92da-001cc4696bcc
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